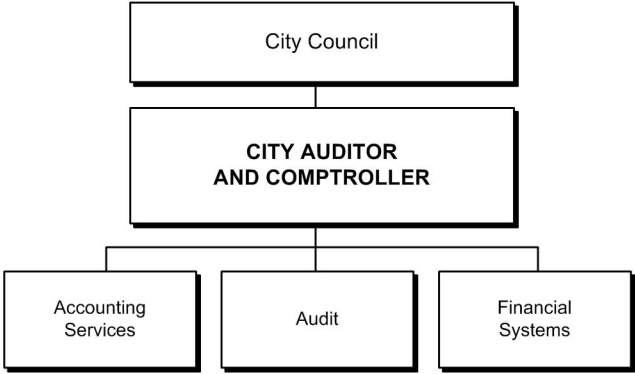


City Auditor and Comptroller



City Auditor and Comptroller



Mission Statement

To provide cost-effective accounting, auditing and fiscal management services to the Mayor, City Council and City management; to work in partnership with the Mayor, City Council and City management to help create positive change and assist in the performance of their mission; to protect the interests of the general public; and to enhance the reputation of San Diego as a fiscally well-managed City.

Department Description

The City Auditor and Comptroller is the Chief Fiscal Officer of the City. This Office performs three program functions for the City: accounting, auditing, and designing and maintaining financial systems. The leadership group provides the planning and direction for this office; functions as a fiscal advisor to the Mayor, Councilmembers, City Manager and management; and is a leader on the City Finance Team.

Division/Major Program Description

Accounting Services

This program provides accounting services and support to the Mayor, City Council, City departments, commissions and related City agencies; maintains accounting records for City assets and fiscal activities; reviews transactions for fiscal compliance with related legal and policy requirements; monitors and projects expenses and revenues; prepares statements and reports of City financial activities as needed, or required by various governmental agencies, in accordance with generally accepted accounting standards; and coordinates City payment processing (employee and retiree payrolls,

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Division/Major Program Description (continued)

Accounting Services (continued)	and commercial warrants) in compliance with appropriate laws, rules and regulations.
Audit	The Audit Division performs economy and efficiency audits, special investigations, performance measures audits, and Citywide audits; determines compliance with City directives and internal controls; ensures the proper accountability of revenues and expenditures of City departments, grant-funded programs and various agreements; ensures revenues due to the City by hotels, lessees, businesses, franchisees, and other organizations are accurate and received in a timely manner; and assists with Mayor and Council-directed budget reviews.
Financial Systems	This program designs and maintains the computerized financial systems necessary to ensure the fiscal integrity of the City's financial records. In addition, this program provides assistance in designing, programming and implementing the fiscal component of other department systems as requested by the City Manager's Office. This program also coordinates modifications to interfaces between Auditor systems and those of other departments.

Service Efforts and Accomplishments

For the 14th year in a row, the Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Diego for its Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

This reflects the successful implementation of the accounting and reporting requirements of Governmental Accounting Standards Board Statement No. 34 (GASB 34), which is the most significant change in the financial reporting standards for state and local governments in more than 25 years.

During the past fiscal year, the Office of the City Auditor and Comptroller provided substantial analytical support related to the financing and accounting requirements for the Water Revenue Bonds. The true interest cost on these bonds is the lowest the City has received in decades. Also, City Auditor staff provided analytical support to the financing teams and project accounting assistance for the Fire and Lifeguard Facilities Fund, the Library System, the 1993 San Diego Metropolitan Transit Development Board Authority Bond Refunding, and the 1993 Balboa Park/Mission Bay Parks Refunding. The Office continued to provide substantial analytical support related to the financing and accounting requirements for PETCO Park and the Downtown Redevelopment Project, as well as financial and analytical assistance to the Engineering and Capital Projects and Real Estate Assets departments in the oversight of the State Route 56 capital improvement project. The Office worked closely with the Mayor, City Council, and City Manager to maintain a balanced budget by frequently projecting year-end status, implementing solutions, and controlling actual expenses to meet projections. At the Mayor and City Council's request, a budget review of the San Diego Convention Center was performed. The results of the review were utilized by the Mayor and City Council during budget deliberations.

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Service Efforts and Accomplishments (continued)

Process improvements were made resulting in the continual consolidation of employee payments into the City Automated Personnel Payroll System. Now, employee tuition reimbursements and long term disability payments are made through the biweekly payroll cycle rather than on a separate commercial warrant-check.

Additionally, in conjunction with the San Diego City Employees' Retirement System, the Office implemented a new integrated retirement membership benefits system, consolidating all retirement benefit disbursements into one system. For the past five years, the Office of the Auditor and Comptroller has averaged 240 audits per year and \$2.2 million in audit recoveries. These recoveries result in additional revenues being generated for various funds within the City.

Future Outlook

In the coming year, the City Auditor and Comptroller will continue to assist City departments in meeting their goals. The Office will provide increased financial services related to the maintenance of a balanced budget during the most difficult fiscal circumstances in the last ten years. The City Auditor and Comptroller staff will participate on the finance team and provide support and analytical accounting assistance for the following financings: Fire and Lifeguard Facilities Fund, Library System, Water Revenue Bonds, and Sewer Revenue Bonds. The Office will also track and monitor expenditures for Community Facilities District No. 3, Naval Training Center/Liberty Station, and other expanded redevelopment and housing activities. The Office will continue to provide audit coverage to maximize deficiencies, recoveries, and cost savings by performing all mandatory audit assignments and by selecting areas for review which could produce additional revenues for the City or efficiencies and cost savings for City operations.

City Auditor and Comptroller								
		FY 2002 ACTUAL		FY 2003 BUDGET		FY 2004 FINAL		FY 2003-2004 CHANGE
Positions		96.37		97.87		97.87		0.00
Personnel Expense	\$	7,270,356	\$	7,360,400	\$	7,922,199	\$	561,799
Non-Personnel Expense	\$	566,344	\$	588,440	\$	598,558	\$	10,118
TOTAL	\$	7,836,699	\$	7,948,840	\$	8,520,757	\$	571,917

The Auditor and Comptroller is deferring funding of \$2,309,000 for two Information Technology projects in Fiscal Year 2004 as a budgetary savings measure. See the Significant Budget Adjustment section for more detail.

Department Staffing

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 BUDGET
GENERAL FUND			
City Auditor and Comptroller			
Financial Systems Division	3.70	3.70	3.70
Accounting Services	69.45	70.95	71.95
Audit	23.22	23.22	22.22
Total	96.37	97.87	97.87

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Department Expenditures

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
GENERAL FUND			
City Auditor and Comptroller			
Financial Systems Division	409,824	388,839	417,811
Accounting Services	5,505,777	5,525,168	6,013,804
Audit	1,921,099	2,034,833	2,089,142
Total	7,836,699	7,948,840	8,520,757

Significant Budget Adjustments

GENERAL FUND

City Auditor and Comptroller	Positions	Cost
Salary and Benefit Adjustments	0.00 \$	562,088
Adjustments to reflect the annualization of the Fiscal Year 2003 negotiated salary compensation schedule, Fiscal Year 2004 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.		
Support for Information Technology	0.00 \$	14,078
Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.		
Non-Discretionary	0.00 \$	(4,248)
Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.		
Other Budgetary Savings Efforts		
THE AUDITOR AND COMPTROLLER IS DEFERRING FUNDING FOR TWO INFORMATION TECHNOLOGY (IT) PROJECTS IN FISCAL YEAR 2004 AS A BUDGETARY SAVINGS MEASURE.		
Savings from returning project funds for Fiscal Year 2004 from the Auditor and Comptroller allocation from Citywide Program, New Development. This amount was earmarked for funding for the General Ledger System development project identified in the Citywide IT strategic plan.		(\$1,000,000)
Savings from returning to the General Fund project funds from prior year carryover of New Development and Year 2000 (Y2K) system remediation. These funds had been allocated to the General Ledger system development project.		(\$1,000,000)
Savings from returning to the General Fund project funds reserved for an automated Labor Time and Attendance Reporting System project. This amount was contributed from the Auditor and Comptroller's budget for New Development projects from prior year carryover.		(\$309,000)
TOTAL		(\$2,309,000)

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Expenditures by Category

		FY 2002 ACTUAL		FY 2003 BUDGET		FY 2004 FINAL
PERSONNEL						
Salaries & Wages	\$	5,622,983	\$	5,655,606	\$	5,912,163
Fringe Benefits	\$	1,647,373	\$	1,704,794	\$	2,010,036
SUBTOTAL PERSONNEL	\$	7,270,356	\$	7,360,400	\$	7,922,199
NON-PERSONNEL						
Supplies & Services	\$	228,106	\$	243,167	\$	244,645
Information Technology	\$	207,689	\$	187,708	\$	190,718
Energy/Utilities	\$	123,793	\$	143,170	\$	148,800
Equipment Outlay	\$	6,755	\$	14,395	\$	14,395
SUBTOTAL NON-PERSONNEL	\$	566,344	\$	588,440	\$	598,558
TOTAL	\$	7,836,699	\$	7,948,840	\$	8,520,757

Revenues by Category

		FY 2002 ACTUAL		FY 2003 BUDGET		FY 2004 FINAL
GENERAL FUND						
Property Tax	\$	-	\$	-	\$	-
Other Local Taxes	\$	-	\$	-	\$	-
Licenses and Permits	\$	-	\$	-	\$	-
Fines, Forfeitures, and Penalties	\$	-	\$	-	\$	-
Revenue from Money & Property	\$	-	\$	-	\$	-
Revenue from Other Agencies	\$	-	\$	-	\$	-
Charges for Current Services	\$	1,914,654	\$	1,856,492	\$	1,848,199
Other Revenues	\$	-	\$	-	\$	-
Transfers from Other Funds	\$	273,045	\$	184,220	\$	187,850
TOTAL	\$	2,187,699	\$	2,040,712	\$	2,036,049

Key Performance Measures

		FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
Financial Reporting - Average cost/dollar reported	(1)	\$0.000188	\$0.000212	\$0.000200
Accounts Payable - Average cost/dollar processed	(2)	\$0.000518	\$0.000678	\$0.000673
Payroll - Average cost/dollar processed	(3)	\$0.001067	\$0.001125	\$0.001175
Certification of Funds Availability - Average cost/dollar certified		\$0.000335	\$0.000364	\$0.000374
Audit - Percent of costs recovered		166.00%	100.00%	100.00%

(1) Governmental Accounting Standards Board Statement No. 34, the most significant change in financial reporting standards for State and local governments in more than 25 years, has increased the resources necessary to ensure continued compliance with generally accepted governmental accounting standards, which is necessary to receive unqualified audit opinions on financial reports.

(2) The published Fiscal Year 2003 measure erroneously included PETCO Park and Water bonds expenditures which were processed through the Trustee. The corrected measure has been published here.

(3) During Fiscal Year 2003, the processing of employee tuition reimbursement and long term disability payments were consolidated into the biweekly payroll process.

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Salary Schedule

GENERAL FUND

City Auditor and Comptroller

<i>Class</i>	<i>Position Title</i>	<i>FY 2003 Positions</i>	<i>FY 2004 Positions</i>	<i>Salary</i>		<i>Total</i>
1100	Accountant III	10.00	10.00	\$	63,190	\$ 631,899
1103	Account Audit Clerk	12.00	12.00	\$	34,739	\$ 416,864
1133	Sr Account Audit Clerk	5.00	5.00	\$	40,057	\$ 200,283
1183	Accountant IV	8.50	8.50	\$	76,996	\$ 654,468
1535	Clerical Assistant II	1.00	1.00	\$	30,467	\$ 30,467
1617	Micrographics Clerk	1.00	1.00	\$	31,750	\$ 31,750
1647	Payroll Audit Specialist I	2.00	2.00	\$	40,005	\$ 80,009
1648	Payroll Specialist II	1.00	1.00	\$	36,574	\$ 36,574
1649	Payroll Audit Specialist II	4.00	4.00	\$	42,336	\$ 169,344
1746	Word Processing Operator	1.00	1.00	\$	33,016	\$ 33,016
1842	Accountant II	37.37	37.37	\$	54,518	\$ 2,037,348
1876	Executive Secretary	1.00	1.00	\$	46,240	\$ 46,240
1886	Payroll Audit Supv-Auditor	1.00	1.00	\$	51,008	\$ 51,008
2107	Asst City Auditor & Compt	1.00	1.00	\$	142,362	\$ 142,362
2137	City Auditor & Comptroller	1.00	1.00	\$	175,496	\$ 175,496
2217	Financial Operations Manager	4.00	4.00	\$	112,591	\$ 450,363
2228	Principal Accountant	7.00	7.00	\$	94,960	\$ 664,722
	Temporary Help	0.00	0.00	\$	-	\$ 59,950
	Total	97.87	97.87			\$ 5,912,163

CITY AUDITOR AND COMPTROLLER TOTAL	97.87	97.87	\$	5,912,163
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Five-Year Expenditure Forecast

	FY 2004 FINAL	FY 2005 FORECAST	FY 2006 FORECAST	FY 2007 FORECAST	FY 2008 FORECAST	FY 2009 FORECAST
Positions	97.87	101.37	104.37	104.37	104.37	104.37
Personnel Expense	\$ 7,922,199	\$ 8,456,436	\$ 8,929,240	\$ 9,197,117	\$ 9,473,031	\$ 9,757,222
Non-Personnel Expense	\$ 598,558	\$ 628,765	\$ 658,128	\$ 677,872	\$ 698,208	\$ 719,154
TOTAL EXPENDITURES	\$ 8,520,757	\$ 9,085,201	\$ 9,587,368	\$ 9,874,989	\$ 10,171,239	\$ 10,476,376

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Fiscal Year 2005

Addition of 2.00 Accountant II positions to provide grant accounting services to meet park and recreation State grant mandated procedures and to accommodate for growth in general City activity anticipated in the Library System, Fire-Rescue, and other City departments and programs. Addition of 0.50 Account Audit Clerk (reimbursable) to accommodate increased accounts payable activity related to MWWD sewer main replacement acceleration. Addition of 1.00 Principal Accountant for the development, upgrade, and implementation of the General Ledger on the mainframe computer system.

Fiscal Year 2006

Addition of 3.00 Accountant II positions to perform special requests and investigations; to develop, upgrade, and implement the General Ledger on the mainframe computer system; and to provide Auditor involvement in information system development to ensure compliance with federal, State, and local mandated changes and review departmental policies on safeguarding computer generated information.

Fiscal Years 2007 - 2009

No major projected requirements.